

## **INTERVIEW-Patriotism keeps Mytilineos in high-tax Greece, for now [MTKr.AT](#) [MYTr.AT](#) - RTRS**

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- Company's head says some shareholders want it to relocate
- Taxes on production stifling growth - Evangelos Mytilineos
- Power plant unit METKA active in Middle East, looks to Africa

By Jemima Kelly

LONDON, Aug 2 (Reuters) - Patriotism has so far kept metals and power plant group Mytilineos [MYTr.AT](#) in Greece even though a "mad" tax burden on enterprise means shareholders want it to decamp, but there are limits, the head of the company said.

"The problem is that we get more and more taxes every other month," Evangelos Mytilineos, its chairman and chief executive, said in an interview.

"To tax you on your income is necessary," he said.

"To tax you on your production process, to make your product expensive - this is a completely different story. Who is winning out of this?"

Greece has been under pressure from the "troika" - the EU, European Central Bank and International Monetary Fund officials overseeing the indebted country's bailout - to impose burdensome taxes to meet revenue targets.

Last October, Coca Cola Hellenic [CCH.L](#), the biggest company in Greece, delivered a major blow by announcing it would move its headquarters to Switzerland and its main listing to London. ([Full Story](#))

Mytilineos Holdings has so far managed to resist huge pressure from shareholders to follow suit, the CEO said.

"We want to contribute to the rebirth of Greece and we have made tremendous efforts to support the restart of the Greek economy," he said. "But regardless of how patriotic we are, there are limits."

Mytilineos has remained profitable, despite Greece's increasingly tough economic situation, reporting a slight growth in net income in the first quarter over the same period last year, as it focuses on projects abroad.

While Greece's unemployment rate has crept up to around 27 percent, the highest in the EU, Mytilineos is still hiring. It is expanding into natural gas.

But the company said new special levies and excise taxes, which cost the group 11.6 million euros last year, are set to more than quadruple this year to almost 50 million euros, bringing its total estimated tax burden for 2013 to over 100 million euros.

And Mytilineos says that two thirds of savings achieved through a cost-cutting programme have been wiped out by the new taxes on production. ([Full Story](#))

Mytilineos announces half-year earnings on Aug. 7.

## SIGHTS ON AFRICA

Power-plant construction subsidiary METKA [MTKr.AT](#), by itself the sixteenth biggest company by market capitalisation on the Athens Stock Exchange, has turned its attention to the power-hungry developing world to generate income.

It has built plants in countries suffering instability like Iraq, Syria and Pakistan.

When Mytilineos bought the company in 1998, 95 percent of its activity was domestic. Since then METKA - Metal Constructions of Greece - has grown 10 times, with all its growth coming from abroad, meaning less than 10 percent of its activity is now conducted in Greece.

Although METKA was forced to put work in Syria on hold for several months last year because of fighting, it has since returned and hopes to open its first plant near Damascus later this year.

Last month the company announced that it had signed a \$1 billion contract to build its biggest power plant yet in the volatile Anbar province in western Iraq.

Paul Smith, a manager at METKA, told a trade magazine in May that countries in North Africa and the Middle East were places with which it could "fit well culturally".

According to Mytilineos, Arab countries welcome the work done by the firm, which he says has never lost an international tender to a European rival.

METKA is now considering building plants in some sub-Saharan states, such as Nigeria and Kenya. "We see a lot of future in Africa," said the CEO. "These countries are going to need huge amounts of power generation in the years to come."

Income generated abroad is so far keeping Mytilineos afloat and alleviating the pain being inflicted by Greece's sixth straight year of recession, but the CEO is wary.

"The most successful you can be in Greece at the moment is to survive," Mytilineos said.

"That is what we call success these days, because you can't become rich in Greece – there's no way."